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UNCLAS SECTION 01 OF 02 LONDON 000780

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TREASURY FOR OFAC

E.O. 12958: N/A

TAGS: [ETTC](#) [ELAB](#) [CU](#) [UK](#)

SUBJECT: HILTON HOTELS CAUGHT BETWEEN US CUBA SANCTIONS AND
UK NON-DISCRIMINATION LAW

REF: LONDON 525

11. Summary and action request: Hilton Hotels International, faced with a conflict between US sanctions on Cuba and UK law banning discrimination, has instructed its employees not to violate local UK law, putting them on a potential collision course with US law. Post would welcome any guidance Washington agencies could provide for discussions with Hilton and press guidance in response to inquiries post has received from the press. End Summary and action request.

12. As reported reftel, UK labor unions have threatened to boycott Hilton in the United Kingdom because a Hilton-owned hotel in Oslo, in compliance with the Cuban Assets Control Regulations, refused to accept a reservation from a Cuban delegation in December 2006. The unions contend that a similar action by Hilton in the UK would violate the British 1976 Race Relations Act, which bans discrimination by national origin. The penalties under the UK are comparable to those under US Cuba sanctions, according to Linda Bain, director of communications for Hilton International.

13. A representative complaint to Hilton is the following letter, addressed to Bain, and cc'ed to Ambassador Tuttle, from Joni McDougall, International Solidarity Officer at the union GMB.

Begin Text:

We have received recent reports that the Hilton Group proposes to ban Cuban delegations from all their hotels around the world. We understand that this step has been taken to protect the company from criminal liability under the United States' Cuban Liberty and the Solidarity Act of 11996. However, discriminating on legal grounds, which includes nationalities, in the provision of good, facilities or services is unlawful under the 1976 Race Relations Act.

Our union has used the services of the Hilton Group for delegations at numerous events both in the UK and abroad but we will have to reconsider our position in light of the above. Could you therefore provide clarification on your policy please?

On moral and legal grounds we would be unable to do business with any company which pursued racist policies.

We look forward to hearing from you.

End text.

¶4. Bain told LabCouns February 23 that Hilton conferred with its legal staff for three weeks before responding. In the end, they determined that their critics' legal argument was valid. Hilton International has instructed its staff to obey all local law, including the Race Relations Act, even if doing so violates US Cuba sanctions. Bain said Hilton has asked the US hotel industry trade association to begin a dialogue with the US government on this issue on behalf of all US hotels operating abroad. She said she would provide Embassy with a copy of Hilton's response.

¶5. Bain continued that GMB has cancelled 50 rooms from its Brighton hotel. UNISON international affairs officer Nick Cook told LabCouns on February 27 that his union had decided to maintain its current bookings with Hilton, but would not conduct any additional business with them.

¶6. On February 27, Hilton sent the Embassy a letter, signed by Simon Vincent, President, Hilton UK and Ireland, which Bain said was sent to a number of political leaders and union chiefs:

Begin Text:

Hilton Hotel Corporation's Position on Trade Sanctions with Cuba

As you are aware there has been recent media coverage and political commentary in the UK regarding Hilton Hotels Corporation (footnote 1) (HHC) being prohibited by the US embargo of Cuba from hosting Cuban guests in our hotels. As a US based company, we face a legal dilemma - with a strict ban on trading with Cuba imposed by the Cuban Assets Control

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regulations ("US Sanctions"), and contradictory legislation in the UK making it illegal to discriminate on the grounds of nationality. Violations of both the US and UK laws are subject to severe civil and criminal penalties.

The U.S. Sanctions, administered by the Office of Foreign Assts Control ("OFAC") at the U.S. Treasury Department, clearly prohibit US companies and their foreign subsidiaries from engaging in any transaction with Cuba, Cuban entities or Cuban nationals wherever located. Aspects of these sanctions, particularly as to dealings with Cuban nationals, run counter to UK law. The United States has long been at the forefront of combating discrimination, including on the basis of national origin. Yet as a result of compliance with the US sanctions, Hilton is facing allegations of discriminatory practices against Cuban nationals on the basis of their national origin. It is particularly difficult for a US based company such as Hilton to respond to such recriminations in light of the seeming inconsistency between the US anti-discrimination ethos as well as Hilton's own anti-discrimination policy, and the impacts of the sanctions as applied to Cuban national seeking lodging in our UK hotels.

It is Hilton's policy to comply with all laws applicable to its operations. This puts employees of Hilton in the UK in the extremely difficult situation of being left to choose between compliance with US Sanctions or UK law. It also subjects Hilton to irreparable reputational harm if as a result of compliance with US Sanctions, Hilton is seen as a company that discriminates against travelers in violation of UK law.

Hilton would like to see a reform of the US Sanctions within the tourism industry for US hotel companies (last three words in bold print) operating outside the United States so that this contradiction between US law and the laws of other countries, such as UK law, is eliminated. To that end, we have submitted our own formal license application to OFAC for a specific license to authorize service to Cuban nationals. We are also working with the American Hotel and Lodging Association to make representations to the US State

Department and Treasury to review these laws particularly with respect to their discriminatory effect based on nationality.

(footnote 1: On 23rd March 2006 Hilton Group plc sold its hotel division, Hilton International, to the US based Hilton Hotels Corporation. Hilton UK and Ireland currently operate 73 hotels with over 14,000 rooms and 15,200 staff.)

End text.

¶7. Embassy was contacted February 27 by The Guardian newspaper asking for comments on a statement it had received from Hilton on trade sanctions with Cuba. The statement forwarded by the Guardian differs in some respects from the text in para 6. One key difference is the following in the third paragraph of the statement: "However, notwithstanding this very serious dilemma, Hilton does not expect, require or counsel, its employees to violate their own country's laws. Accordingly, when dealing with bookings at our hotels in the UK, we do not expect or require that our UK employees do anything in violation of UK law." The Guardian statement also calls on the UK government to "make representations to the US and to bring a resolution to these issues." The text of both documents has emailed to EUR/UBI and WHA/CCA desk, L/EB and L/WHA.

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